

Message Text

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PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01

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TO SECSTATE WASHDC IMMEDIATE 9322

INFO AMEMBASSY AMMAN

AMEMBASSY BEIRUT

USINT CAIRO

AMCONSUL JERUSALEM

USMISSION USUN NY

C O N F I D E N T I A L SECTION 1 OF 2 TEL AVIV 6200

E. O. 11652: GDS

TAGS: PFOR, PINT, IS, XG

SUBJECT: LABOR PARTY POLICY ON OCCUPIED TERRITORIES

REF: TEL AVIV 6126

SUMMARY. LABOR PARTY LEADERSHIP IS NOW EXPECTED TO CONCLUDE DISCUSSIONS AUGUST 9 ON POLICY GUIDELINES TOWARD OCCUPIED TERRITORIES FOR NEXT FOUR YEARS IN PREPARATION FOR ELECTION CAMPAIGN. ACCORDING TO PRESS, PRIMIN AND GALILI ARE PREPARING WRITTEN POSITION PAPER ATTEMPTING TO ACCOMMODATE POSITIONS OF DAYAN ON ONE HAND AND SAPIR, EBAN, ALLON, BAR-LEV, AND GVATI ON OTHER. GIVEN ELECTION PRESSURES, PARTICULARLY CURRENT EFFORTS TO FORM RIGHT-WING ALIGNMENT TO OPPOSE LABOR ALIGNMENT IN APPROACHING ELECTIONS AND HAVING ANNEXATIONIST POLICY TOWARD OCCUPIED TERRITORIES (TEL AVIV 5925 NOTAL), MRS MEIR SEEKING TO FORMULATE COMPROMISE RECONCILING DOVES AND HAWKS IN ORDER TO PRESENT UNITED FRONT TO ELECTORATE. MAIN ISSUES ARE: A) AUTHORIZATION FOR ISRAELI LAND PURCHASES IN OCCUPIED TERRITORIES, B) EXTENSION OF
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JERUSALEM'S BOUNDARIES, C) DEVELOPMENT PROJECTS FOR FURTHER

JEWISH SETTLEMENTS IN WEST BANK, AND D) CONSTRUCTION OF ISRAELI CITY ON EGYPTIAN TERRITORY (YAMIT IN RAFAH JUNCTION AREA). DAYAN DEMANDS CONCRETE ACTIONS TO BEGIN IMPLEMENTATION OF GENERAL REFERENCES IN LABOR'S 1969 PLATFORM TO NEED FOR DEVELOPMENT AND INVESTMENT IN OCCUPIED TERRITORIES. DAYAN MAKING THIS A CONDITION FOR PARTICIPATION RAFI FACTION OF LABOR PARTY IN CAMPAIGN. HIS OPPONENTS HOLD THAT PROGRAMS IN OCCUPIED TERRITORIES MUST NOT BE AGREED UPON WHICH WOULD BE FUNDED AT EXPENSE OF DEVELOPMENT WITHIN ISRAEL OR WHICH WOULD NARROW OPTIONS FOR EVENTUAL PEACE NEGOTIATIONS WITH NEIGHBORING ARAB STATES. SOME BELIEVE THAT EMERGENCE OF NEW RIGHT-WING ALIGNMENT OPPOSING LABOR PARTY STRENGTHENS DAYAN'S HAND WITHIN LABOR PARTY AND THAT POSITION PAPER WILL HAVE TO MEET AT LEAST SOME OF HIS REQUIREMENTS.

END SUMMARY.

1. LABOR PARTY LEADERSHIP--MRS MEIR, MINISTERS, SECRETARY GENERAL YADLIN AND HIS DEPUTIES--MET ON JULY 26 AND AUGUST 2 TO DISCUSS DEFENSE MINISTER DAYAN'S DEMANDS FOR IMPLEMENTATION 1969 PLATFORM AND ORAL DOCTRINE ON POLICY TOWARD OCCUPIED TERRITORIES AS CONDITION FOR ACTIVE PARTICIPATION OF HIS EX-RAFI FACTION IN CAMPAIGN, WITH PRIVATE DISCUSSIONS AUGUST 5. ACCORDING TO PRESS PRIME MINISTER WITHOUT PORTFOLIO GALILI, IN ATTEMPT RECONCILE DAYAN'S VIEWS AND THOSE OF PARTY DOVES SAPIR, EBAN, ALLON, BAR-LEV AND GVATI, ARE FORMULATING POSITION PAPER WHICH IN EFFECT WILL BE LABOR PLATFORM AND GUIDELINE FOR FUTURE GOI POLICY. NEXT AND SUPPOSEDLY FINAL MEETING SCHEDULED AUGUST 9.

2. LATEST APPARENT SUCCESSES IN MOVE TO FORM RIGHTWING ALIGNMENT RUNNING ON ANNEXATIONIST PLANK RE OCCUPIED TERRITORIES, IN JUDGMENT SOME EMBASSY SOURCES, HAVE CONSIDERABLY STRENGTHENED DAYAN'S HAND IN BARGAINING PROCESS. MRS MEIR EAGER TO REACH COMPROMISE FOR PRESENTING UNITED LABOR PARTY FRONT TO ELECTORATE.

3. DEBATE IS OVER DAYAN'S INSISTENCE THAT GOI IS ALREADY COMMITTED TO PURSUE ACTIVE POLICY OF INVESTMENT AND DEVELOPMENT IN OCCUPIED TERRITORIES IN ABSENCE PEACE SETTLEMENT, AND DOVES' ARGUMENT THAT PROGRAMS IN OCCUPIED TERRITORIES MUST NOT BE AT EXPENSE OF DEVELOPMENT WITHIN ISRAEL NOR NARROW OPTIONS FOR EVENTUAL PEACE NEGOTIATIONS WITH ARABS.

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4. THERE ARE FOUR MAIN ISSUES CURRENTLY UNDER DISCUSSION. A) JEWISH LAND PURCHASES IN OCCUPIED TERRITORIES. DAYAN ARGUES THAT GOVERNMENT HAS NO RIGHT TO PREVENT JEW FROM PURCHASING LAND IN OCCUPIED TERRITORIES IF ARAB WANTS TO SELL IT. ALLON, SAPIR, EBAN AND THEIR ALLIES ARGUE THAT UNCONTROLLED PURCHASES WOULD ENCOURAGE SPECULATION AND CONSTITUTE IMPORTANT STEP TOWARD DE FACTO ANNEXATION. GALILI REPORTEDLY PROPOSING COMPROMISE BY WHICH MINISTERIAL COMMITTEE WOULD TIGHTLY CONTROL ALL PURCHASE

PROPOSALS, AND ONLY ISRAEL LANDS AUTHORITY AND LARGE PUBLIC BUILDING COMPANIES WOULD BE ALLOWED TO BUY LAND.

B) EXTENSION OF JERUSALEM. DAYAN WANTS JERUSALEM MUNICIPAL BOUNDARIES EXTENDED IN ALL DIRECTIONS AND BUILDING PROJECTS UNDERTAKEN AT NEBI SAMWIL TO NORTH AND NEAR BETHLEHEM IN SOUTH. (RE NEBI SAMWIL, AS NOTED IN JERUSALEM 835 NOTAL, MAYOR KOLLEK HAS NOW MADE OWN DIVERSIONARY SUGGESTION FOR HEADING OFF NEW ISRAELI SETTLEMENT THERE OSTENSIBLY TO AVOID DESTROYING ENVIRONMENTAL QUALITY IN UNCONTROLLED LAND DEVELOPMENT.)

C) DEVELOPMENT PROJECTS IN TERRITORIES. DAYAN WANTS GOVERNMENT COMMITMENT TO SPEND IL 300 MILLION A YEAR FOR NEXT FOUR YEARS TO BUILD NEW JEWISH SETTLEMENTS AND ALSO FOR PALESTINIAN REFUGEE REHABILITATION PROGRAM. EBAN HAS REFERRED TO REHABILITATION OF 65,000 REFUGEES; EMBASSY BELIEVES THIS REFERS TO ARABS LIVING IN WEST BANK REFUGEE CAMPS. SAPIR ARGUES THAT FUNDS MUST NOT BE DIVERTED TO DEVELOPMENT IN OCCUPIED TERRITORIES BECAUSE OF PRESSING DEVELOPMENT NEEDS WITHIN ISRAEL PROPER. SOME JOURNALISTS THINK COMPROMISE MAY BE REACHED FOR COMMITMENT OF HALF OF AMOUNT DEMANDED BY DAYAN.

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C O N F I D E N T I A L SECTION 2 OF 2 TEL AVIV 6200

D) YAMIT CITY. DAYAN WANTS COMMITMENT TO BUILD MAJOR NEW URBAN CENTER PLUS MEDITERRANEAN DEEPWATER PORT, TO BE NAMED YAMIT, IN RAFAH JUNCTION AREA OF SINAI. BAR-LEV SAID LAST WEEK THAT COST OF THIS PROGRAM AND ITS DIVERSION OF NEW SETTLERS WOULD MEAN DEATH KNELL FOR EXISTING DEVELOPMENT TOWNS WITHIN ISRAEL. MAYORS FROM THIRTY DEVELOPMENT TOWNS REPRESENTING 650,000 INHABITANTS SENT TELEGRAM AUGUST 6 TO MRS MEIR OBJECTING TO IDEA OF YAMIT AS THREAT TO THEIR FUTURE EXISTENCE. SOME SOURCES SPECULATE COMPROMISE MAY BE REACHED ON BUILDING MODEST REGIONAL CENTER IN RAFAH JUNCTION NOW, TO BE EXPANDED LATER INTO CITY AND WITH SEAPORT CONSTRUCTION TO BE DEFERRED INDEFINITELY.

5. CONCLUSION. THERE IS NO CERTAINTY MRS MEIR WILL SUCCEED AT AUGUST 9 MEETING IN SECURING AGREEMENT ON SOME COMPROMISE FORMULA. ALLON'S RETURN TO FRAY AGAINST DAYAN IN AUGUST 5 PRIVATE DISCUSSIONS AFTER LONG HEART-ATTACK CONVALESCENCE SUFFICIENTLY UPSET CALCULATIONS THAT PREVIOUS SCHEDULE OF FINAL MEETING FOR AUGUST 6 HAD TO BE POSTPONED. NEVERTHELESS, EMBASSY JUDGES MRS CONFIDENTIAL

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MEIR'S DISTASTE FOR SQUABBLING AMONG HER CLOSEST ASSOCIATES AND FOR RESULTING IMAGE BEFORE ELECTORATE OF LABOR PARTY INTERNAL DISSENSION IS SO STRONG, SHE WILL MAKE SUPREME EFFORT TO GET OVER CURRENT HURDLE AUGUST 9. RESULT CONCEIVABLY COULD BE LABOR PARTY POLICY PAPER GOING LONG WAY TOWARD DAYAN. ON OTHER HAND, MRS MEIR MUST ALSO MOLLIFY DOVISH DEMANDS OF ALIGNMENT PARTNER MAPAM, WHICH HAS VOICED ALARM OVER CURRENT DAYAN EFFORTS, AND VAGUELY WORDED LABOR PARTY FORMULATION WHICH DOVES AND HAWKS COULD INTERPRET IN OWN WAYS IS NOT TO BE EXCLUDED. IF SUCH COMPROMISE IS REACHED, SAPIR'S CONTROL OF FINANCIAL DECISIONS WILL MEAN THAT IMPLEMENTATION OF SPECIFIC DAYAN PROJECTS WILL REMAIN OPEN QUESTION AFTER ELECTIONS. VELIOTES

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